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SUBJECT: CONSULTANT TO US TRADE DEVELOPMENT AGENCY VISITS BURUNDI TO ASSESS OIL PIPELINE FEASIBILITY

¶1. Summary. An energy consultant for the U.S. Trade and Development Agency (USTDA) met May 2-3 with senior Government of Burundi (GOB) officials and private energy officials to discuss a feasibility study for a petroleum pipeline to Burundi. Burundian government officials and private concerns responded enthusiastically to the USTDA-funded study, and offered any necessary assistance. A workshop to discuss the results of the initial study will take place in Rwanda in September. If the study indicates that a pipeline is economically viable, a more technically detailed feasibility study will follow. End Summary.

¶2. ?ke Densert, an energy consultant for the US Trade and Development Agency (USTDA) met with the Minister of Energy and Mines, the Minister of and Commerce and Trade, and leading figures in Burundi's private sector May 2-3 to asses a USTDA-funded economic feasibility study of the construction of a petroleum products pipeline from Kampala, Uganda, to Rwanda and Burundi. Econoff and the Embassy's Econ assistant accompanied Mr. Densert in his meetings. Mr. Densert relayed that the USTDA's focus in the study is to asses potential petroleum product demand and transportation costs for petroleum products for the next twenty years.

¶3. In all of the meetings, public officials and private representatives responded enthusiastically to the prospect of a petroleum pipeline to Burundi. The Minister of Commerce and Trade, Donatien Nijimbere, immediately understood the importance to Burundi of the creation of such a pipeline, and promised full cooperation with the USTDA in the completion of the feasibility study.

¶4. Mr. Densert told the Ministers and private sector business people that the pipeline, if constructed, would be an extension of a light oil (gasoline, gas/oil, jet fuel and kerosene) pipeline from Eldoret, Kenya, to Kampala, Uganda. Scheduled construction is to begin in fall 2007. The USTDA anticipates that the pipeline will be finished in late 2008/early 2009. Heavy fuel oil, he informed them, would contaminate the pipeline; therefore, transport to Burundi by tanker truck would continue for this commodity.

¶5. Mr. Densert indicated that, upon completion of the feasibility study in September 2007, a workshop to discuss the results of the study would be held in Rwanda. Participants from Burundi and the other countries involved in the proposed pipeline will be encouraged to offer input on the completed study. He suggested that the Ministry of Energy and Mines, the Ministry of Commerce and Trade, and private business concerns, recommend approximately five participants from Burundi to attend the workshop, and offered to investigate potential funding to facilitate their participation. Mr. Densert said that a specific date for the workshop would be

determined as the feasibility study drew closer to completion, and upon conclusion of the workshop, the USTDA will finalize the study and issue a final report. If the initial study indicates that the pipeline is economically viable, a more technical feasibility study will follow.

¶16. Comment. In his parting observations, Mr. Densert recommended training courses in the U.S. in the field of petroleum-product supply and distribution for appropriate government officials. Access to reliable energy, and increased expertise, will go far in boosting Burundi's economy, and serve as a foundation for its economic progress. End Comment.